

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Detroit/Wayne County Port Authority	County Wayne
Fiscal Year End September 30, 2006	Opinion Date February 9, 2007	Date Audit Report Submitted to State March 19, 2007	

We affirm that:

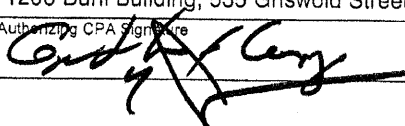
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - ☒ ☐ The local unit has adopted a budget for all required funds.
  - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  - ☒ ☐ The local unit is free of repeated comments from previous years.
  - ☒ ☐ The audit opinion is UNQUALIFIED.
  - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - ☐ ☒ The board or council approves all invoices prior to payment as required by charter or statute.
  - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe) Sch. of Exp. of Fed. Awards	<input checked="" type="checkbox"/>		
Certified Public Accountant (Firm Name) George Johnson & Company		Telephone Number (313) 965-2655	
Street Address 1200 Buhl Building, 535 Griswold Street		City Detroit	State MI
		Zip 48226	
Authorizing CPA Signature 		Printed Name George G. Johnson, C.P.A.	License Number 1101006025

DETROIT/WAYNE COUNTY  
PORT AUTHORITY

**FINANCIAL STATEMENTS**

**September 30, 2006 and 2005**

**George Johnson  
& Company**  

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DETROIT/WAYNE COUNTY PORT AUTHORITY

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# George Johnson & Company

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## INDEPENDENT AUDITORS' REPORT

February 9, 2007

To the Board of Directors  
Detroit/Wayne County Port Authority  
Detroit, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Detroit/Wayne County Port Authority (the "Authority") as of, and for the years ended, September 30, 2006 and 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. We also conducted our 2006 audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of September 30, 2006 and 2005, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 9, 2007, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors  
Detroit/Wayne County Port Authority  
February 9, 2007  
Page Two

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

The accompanying management's discussion and analysis and schedules of revenue and expenditures - budget and actual (operating fund) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

  
CERTIFIED PUBLIC ACCOUNTANTS

## DETROIT/WAYNE COUNTY PORT AUTHORITY

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**September 30, 2006 and 2005**

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This section of the annual report of the Detroit/Wayne County Port Authority (the "Authority") presents management's discussion and analysis of the Authority's financial performance during the fiscal years that ended on September 30, 2006 and 2005. Please read it in conjunction with the Authority's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The fiscal year ended September 30, 2006 was a period of continuous operational and financial improvements. During the year, revenue increased by 7.5 percent, and program expenses increased by 13.6 percent. As a result, net assets decreased by approximately \$144,600.

Key successes for the Authority this past year include the following:

- A \$450,000 federal grant from the Transportation Safety Administration to provide funding for the purchase of port security equipment was completed.
- An \$800,000 Environmental Protection Agency brownfield grant for environmental site investigations within the port of Detroit district was received.
- The restart of the port of Detroit completed its first full season.
- Construction of the new public dock and terminal began.
- The construction of a new \$43 million mixed-use facility for General Motors by issuing bonds was completed.
- A \$25,000 coastal zone management grant from the Michigan Department of Environmental Quality was received for the planning of a new Great Lakes environmental monitoring and interpretive center.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report contains two types of financial statements. The statements of net assets and statements of activities (which are presented on pages 8 and 9) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and fund balances for governmental funds (which are presented on pages 10 and 12) are considered fund financial statements. A further discussion of each type of statement follows.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

September 30, 2006 and 2005

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Financial Statements**

The government-wide financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies and non-profit organizations. The statements of net assets include all of the Authority's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statements of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the Authority's net assets and how they have changed. Net assets represent the difference between the Authority's assets and liabilities, and they represent one way to measure the Authority's financial health, or position. Over time, increases or decreases in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Authority's funds, not the Authority as a whole. Funds are accounting devices that the Authority uses to keep track of specific sources of funding and spending for particular purposes.

Most of the Authority's activities are included in governmental funds, which focus on how cash, and other financial assets that can be readily converted to cash, flow in and out, and show the balances left at the end of the year that are available for spending. As such, the fund financial statements provide a detailed short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided on pages 11 and 13 that explains the relationship between the fund financial statements and the government-wide financial statements.

The notes to the financial statements, which begin on page 14, explain some of the information in the financial statements and provide more detailed data. A comparison of the Authority's operating fund revenue and expenditures to its budget is provided on page 24.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**September 30, 2006 and 2005**

**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE**

Table 1 reflects the condensed statements of net assets as of September 30, 2006, 2005, and 2004:

**Table 1**  
**Statements of Net Assets**  
**September 30, 2006, 2005, and 2004**  
*(in thousands of dollars)*

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Assets:</b>			
Cash	\$ 522.2	\$ 917.0	\$ 636.9
Accounts receivable	189.3	234.6	204.3
Capital assets	4,786.8	4,819.0	2,728.1
Other assets	26.3	187.9	20.9
<b>Total Assets</b>	<u><b>5,524.6</b></u>	<u><b>6,158.5</b></u>	<u><b>3,590.2</b></u>
<b>Liabilities:</b>			
Long-term liabilities	1,990.1	2,125.1	-0-
Other liabilities	324.3	678.6	237.3
<b>Total Liabilities</b>	<u><b>2,314.4</b></u>	<u><b>2,803.7</b></u>	<u><b>237.3</b></u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	2,703.1	2,693.9	2,728.1
Unrestricted	507.1	660.9	624.8
<b>Total Net Assets</b>	<u><b>\$ 3,210.2</b></u>	<u><b>\$ 3,354.8</b></u>	<u><b>\$ 3,352.9</b></u>

Accounts receivable balances are reviewed for collectibility and are written off as necessary. During the year ended September 30, 2006, no allowance was considered necessary. Capital assets include the acquisition of the 35-acre port of Detroit marine cargo terminal.

Long-term liabilities decreased due to a reduction in the note payable associated with the acquisition of the port of Detroit marine terminal.



DETROIT/WAYNE COUNTY PORT AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**September 30, 2006 and 2005**

**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

Table 2 reflects the condensed statements of activities for the years ended September 30, 2006, 2005, and 2004:

**Table 2**  
**Statements of Activities**  
**For the Years Ended September 30, 2006, 2005, and 2004**  
*(in thousands of dollars)*

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenue:</b>			
Program revenue:			
Contracts and grants	\$ 2,164.2	\$ 1,698.3	\$ 3,878.9
Other program revenue	125.0	400.0	-0-
General revenue:			
Administrative revenue	173.6	184.9	176.9
Other revenue	123.9	123.5	91.7
<b>Total Revenue</b>	<b>2,586.7</b>	<b>2,406.7</b>	<b>4,147.5</b>
<b>Expenses:</b>			
Import and export promotional programs	2,731.3	2,404.8	1,915.1
<b>Net Increase (Decrease) in Net Assets</b>	<b>(144.6)</b>	<b>1.9</b>	<b>2,232.4</b>
Net Assets, Beginning of Year	3,354.8	3,352.9	1,120.5
<b>Net Assets, End of Year</b>	<b>\$ 3,210.2</b>	<b>\$ 3,354.8</b>	<b>\$ 3,352.9</b>

Grant revenue increased significantly due to the federal highway grant for the public dock and terminal.

The Authority received a \$3 million reimbursement grant from the State of Michigan for the purpose of purchasing property and infrastructure improvements on the Detroit River along the new Riverwalk Conservancy. This grant will give the Authority an additional ongoing revenue stream from marine and port-related activities. The Authority will use future proceeds from its Tea-21 grant and future State of Michigan matches to construct a new public dock and terminal facility to further waterfront development and tourism. These projects are planned for completion in early 2008 and will further increase the Authority's waterfront presence.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**September 30, 2006 and 2005**

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**ECONOMIC FACTORS**

The Board of Directors and management have worked diligently to improve the financial position of the Authority and to implement plans and projects that will reduce the dependency for tax-based funding to meet administrative expenses. The Port of Detroit project to acquire the Detroit Marine Terminals property at the foot of Clark Street and Jefferson in Detroit and enter into an operating agreement with a new company was completed in July 2005 and completed its first full year of operation, returning to historical levels. This milestone to implement those plans and projects will substantially increase revenue to the Authority, promote economic development in the port district, and greatly improve commerce within the region.

The site for the new Public Dock and Terminal Facility was chosen to be a part of the new Riverwalk Conservancy, adjacent to General Motors' World Headquarters at the foot of Bates Street. Possession of the project parcel was taken in August 2004, and construction began in November 2005. The project is scheduled for completion in early 2008 so it will be available for the 2008 Great Lakes cruise ship season. This project will greatly promote tourism in southeast Michigan and have a very significant economic impact on the region. The Authority plans on moving its offices into the new Terminal Facility and reducing administrative expenses by terminating its current office lease.

The Authority has prioritized waterfront economic development and is using its legislatively enabled powers to aggressively seek grant monies from federal and state agencies to fund all categories of projects, promoting commerce, tourism, and environmental stewardship. This coming year, the Authority will receive and spend over \$10 million in grant monies that have been awarded for projects along the Detroit waterfront.

Presently, all of the projects that will have a significant economic impact for the Authority are in the implementation stages, and the full benefits will not be fully realized in the immediate future. The dependency of the Authority for continued tax-based funding for the administrative function is critical to the ongoing success of the Authority. Any significant reductions in the funding level of the Authority will result in a reduction of program services and the demonstrated benefits those projects and services provide.

**FINANCIAL CONTACT**

This financial report is designed to present its users with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer's office of the Detroit/Wayne County Port Authority at 8109 East Jefferson, Detroit, Michigan 48214.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**STATEMENTS OF NET ASSETS**

September 30, 2006 and 2005

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Assets:</b>		
Cash	\$ 522,179	\$ 917,034
Accounts receivable (no allowance considered necessary)	189,342	234,640
Prepaid expenses	13,213	13,999
Deposits	13,000	173,913
Capital assets (Note C):		
Nondepreciable capital assets	3,976,940	3,976,940
Depreciable capital assets, net	809,880	842,022
<b>Total Assets</b>	<b>5,524,554</b>	<b>6,158,548</b>
<b>Liabilities:</b>		
Accounts payable	48,328	24,295
Accrued expenses	182,367	554,373
Escrow deposit payable	-0-	100,000
Long-term liabilities (Note D):		
Due or expected to be paid within one year	93,565	-0-
Due or expected to be paid in more than one year	1,990,131	2,125,066
<b>Total Liabilities</b>	<b>2,314,391</b>	<b>2,803,734</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	2,703,124	2,693,896
Unrestricted	507,039	660,918
<b>Total Net Assets</b>	<b>\$ 3,210,163</b>	<b>\$ 3,354,814</b>

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**STATEMENTS OF ACTIVITIES**

**For the Years Ended September 30, 2006 and 2005**

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Expenses:</b>		
Import and export promotional programs:		
Salaries, wages, and employee benefits	\$ 807,369	\$ 792,361
Contractual and professional services	126,870	261,841
Facility operations and maintenance	199,637	180,198
Office expenses	121,090	84,217
Site reclamation and redevelopment	1,004,847	798,167
Travel and automotive expenses	113,519	90,466
Conferences, dues, and subscriptions	85,813	81,632
Marketing and promotion	75,205	64,621
Interest expense	165,714	34,701
Depreciation (Note C)	31,236	16,636
<b>Total Program Expenses</b>	<b>2,731,300</b>	<b>2,404,840</b>
<b>Program Revenue:</b>		
Contracts and grants (Note F)	2,164,155	1,698,278
Reimbursement of bond issuance costs (Note G)	-0-	400,000
Project development and administration	125,000	-0-
<b>Total Program Revenue</b>	<b>2,289,155</b>	<b>2,098,278</b>
<b>Net Program Expense</b>	<b>442,145</b>	<b>306,562</b>
<b>General Revenue:</b>		
Administrative revenue (Note B)	173,635	184,905
Rental income	57,765	78,210
Interest income	16,411	10,320
Gain (loss) on disposition of capital assets	(1,753)	-0-
Miscellaneous income	51,436	35,000
<b>Total General Revenue</b>	<b>297,494</b>	<b>308,435</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>(144,651)</b>	<b>1,873</b>
Net Assets, Beginning of Year	3,354,814	3,352,941
<b>Net Assets, End of Year</b>	<b>\$ 3,210,163</b>	<b>\$ 3,354,814</b>

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**BALANCE SHEETS - GOVERNMENTAL FUNDS**

September 30, 2006 and 2005

	<b>Operating Fund</b>	
	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
Cash	\$ 522,179	\$ 917,034
Accounts receivable (no allowance considered necessary)	189,342	234,640
Prepaid expenditures	13,213	13,999
Deposits	13,000	173,913
<b>Total Assets</b>	<b>\$ 737,734</b>	<b>\$ 1,339,586</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 48,328	\$ 24,295
Accrued expenses	129,590	503,194
Escrow deposit payable	-0-	100,000
<b>Total Liabilities</b>	<b>177,918</b>	<b>627,489</b>
<b>Fund Balance:</b>		
Unreserved	559,816	712,097
<b>Total Liabilities and Fund Balance</b>	<b>\$ 737,734</b>	<b>\$ 1,339,586</b>

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**RECONCILIATIONS OF GOVERNMENTAL FUNDS BALANCE SHEETS TO  
STATEMENTS OF NET ASSETS**

**September 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Total Fund Balances, Governmental Funds	\$ 559,816	\$ 712,097
Amounts reported for governmental activities in the statements of net assets differ from amounts reported in the governmental funds balance sheets due to the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:		
Nondepreciable capital assets	3,976,940	3,976,940
Depreciable capital assets:		
Cost	924,782	1,047,727
Less: Accumulated depreciation	(114,902)	(205,705)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of the following:		
Note payable	(2,083,696)	(2,125,066)
Accrued payroll	<u>(52,777)</u>	<u>(51,179)</u>
<b>Total Net Assets, Governmental Activities</b>	<b><u>\$ 3,210,163</u></b>	<b><u>\$ 3,354,814</u></b>

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS**

**For the Years Ended September 30, 2006 and 2005**

	<b>Operating Fund</b>	
	<b>2006</b>	<b>2005</b>
<b>Revenue:</b>		
Contracts and grants (Note F)	\$ 2,164,155	\$ 1,698,278
Reimbursement of bond issuance costs (Note G)	-0-	400,000
Administrative revenue (Note B)	173,635	184,905
Project development and administration	125,000	-0-
Rental income	57,765	78,210
Interest income	16,411	10,320
Miscellaneous income	51,436	35,000
<b>Total Revenue</b>	<b>2,588,402</b>	<b>2,406,713</b>
<b>Expenditures:</b>		
Current:		
Salaries, wages, and employee benefits	805,771	767,315
Contractual and professional services	126,870	261,841
Facility operations and maintenance	199,637	180,198
Office expenses	121,090	84,217
Site reclamation and redevelopment	1,004,847	798,167
Travel and automotive expenses	113,519	90,466
Conferences, dues, and subscriptions	85,813	81,632
Marketing and promotion	75,205	64,621
Interest expense	165,714	34,701
Debt service (Note D)	41,370	-0-
Capital outlay (Note C)	847	2,107,512
<b>Total Expenditures</b>	<b>2,740,683</b>	<b>4,470,670</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(152,281)</b>	<b>(2,063,957)</b>
<b>Other Financing Sources:</b>		
Issuance of note (Note D)	-0-	2,125,066
<b>Net Increase (Decrease) in Fund Balances</b>	<b>(152,281)</b>	<b>61,109</b>
Fund Balances, Beginning of Year	712,097	650,988
<b>Fund Balances, End of Year</b>	<b>\$ 559,816</b>	<b>\$ 712,097</b>

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**RECONCILIATIONS OF GOVERNMENTAL FUNDS STATEMENTS OF REVENUE,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENTS OF  
ACTIVITIES**

**For the Years Ended September 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Net Increase (Decrease) in Fund Balances, Governmental Funds	\$ (152,281)	\$ 61,109
Amounts reported for governmental activities in the statements of activities differ from amounts reported in the governmental funds statements of revenue, expenditures, and changes in fund balances due to the following:		
Capital outlays are reported as expenditures in governmental funds. However, in the statements of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. During the years presented, these amounts are as follows:		
Capital outlay	847	2,107,512
Less:		
Depreciation expense	(31,236)	(16,636)
Loss on disposition of capital assets	(1,753)	-0-
Certain expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. During the years presented, these amounts are as follows:		
Accrued payroll, beginning of year	51,179	26,133
Less: Accrued payroll, end of year	(52,777)	(51,179)
Proceeds issued on long-term debt are reported as a financing source, and repayment of long-term debt is reported as an expenditure in governmental funds, but the proceeds and repayment increase and decrease, respectively, long-term liabilities in the statements of net assets. During the years presented, these amounts are as follows:		
Issuance of note	-0-	(2,125,066)
Repayment of note payable	41,370	-0-
<b>Net Increase (Decrease) in Net Assets, Governmental Activities</b>	<b><u>\$ (144,651)</u></b>	<b><u>\$ 1,873</u></b>

See notes to financial statements.



DETROIT/WAYNE COUNTY PORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2006 and 2005**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities and Purpose**

The Detroit/Wayne County Port Authority (the "Authority") was created by the Port Authority Act of 1978. The legislation enables the Authority to enter into contracts for the acquisition, improvement, enlargement, or extension of port facilities. The mission of the Authority is to plan, develop, and foster economic and recreational growth, through environmental stewardship, in promoting Detroit and southeast Michigan as an import and export freight transportation and distribution hub for the United States, Canada, and the world marketplace.

For financial reporting purposes, the Authority is not a component unit of any other governmental entity. There are no fiduciary funds or component units included in the accompanying financial statements.

**Basis of Presentation**

The financial statements of the Authority consist of government-wide financial statements, which include the statements of net assets and statements of activities, and fund financial statements, which include the balance sheets and statements of revenue, expenditures, and fund balances for governmental funds.

**Government-Wide Financial Statements**

The government-wide financial statements report information about all of the Authority's assets, liabilities, net assets, revenue, and expenses, similar to the financial statements of non-governmental enterprises.

**Fund Financial Statements**

For purposes of the fund financial statements, the accounts of the Authority are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The various funds are summarized by type in the fund financial statements. The following fund is used by the Authority:

**General Fund**

The operating fund is the general operating fund of the Authority. It is used to account for all financial resources other than those required to be accounted for in another fund.